

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
RECOVERY FILING OF)	CASE NO. 2005-00208
BLUEGRASS GAS SALES, INC.)	

O R D E R

On May 31, 1996, in Case No. 1994-00433, the Commission approved rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided for their further adjustment on a quarterly basis in accordance with Bluegrass's gas cost adjustment ("GCA") clause.¹

On May 26, 2005, Bluegrass filed its proposed GCA to be effective July 1, 2005.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Bluegrass's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Bluegrass's expected gas cost ("EGC") is \$8.8099 per Mcf, which is 83.26 cents per Mcf more than its previous EGC of \$7.9773.
3. Bluegrass's notice sets out no current quarter refund adjustment.
4. Bluegrass's notice sets out a current quarter actual adjustment ("AA") of (26.23) cents per Mcf. Bluegrass incorrectly calculated its unit cost of gas for February and March on sales that were less than 95 percent of its supply volumes. The overall impact on the rate is insignificant but the Commission urges Bluegrass to be more

¹ Case No. 1994-00433, The Petition of Bluegrass Gas Sales, Inc. for Approval of a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing, Approval of Initial Rates and Operation of a Natural Gas Distribution System, Order dated May 31, 1996.

careful with this calculation in the future. Bluegrass's notice sets out a total AA of (20.41) cents per Mcf, which is a decrease of 85.96 cents per Mcf from the previous total AA.

5. Bluegrass's notice sets out a current quarter balance adjustment ("BA") of 2.6 cents per Mcf. Bluegrass's notice sets out a total BA of 2.48 cents per Mcf, which is an increase of 6.04 cents per Mcf from the previous total BA.

6. Bluegrass's GCA is \$8.6306 per Mcf, which is 3.34 cents per Mcf more than the previous rate of \$8.5972.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Bluegrass on and after July 1, 2005.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after July 1, 2005.

2. Within 20 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of June, 2005.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00208 DATED June 24, 2005

The following rates and charges are prescribed for the customers served by Bluegrass Gas Sales, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	\$4.6137	\$8.6306	\$13.2443